

County considers another round of budget cuts

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The first cut may be the deepest - but that's little comfort in a county facing another \$200 million in budget cuts.

Due to a decrease in expected revenues, this week County Executive Isiah "Ike" Leggett (D) proposed additional tax increases and public service cuts of approximately \$200 million in his fiscal year 2010 operating budget.

Almost \$170 million of the cuts are due to the county's lost revenue from income taxes. The revenues are down more than 20 percent from last year, resulting in \$265 million less than what was collected in fiscal year 2009.

The remaining cuts were made in an effort to restore the county's revenue stabilization fund, or "rainy-day fund." Recently, the county was warned of potentially losing its Triple-A bond rating from county bond ratings agencies if it did not revitalize its reserves.

This is the second round of proposed budget adjustments since Leggett's initial recommendations were made public March 15.

Between the cuts Leggett proposed in March and his most recent recommendations, the county proposes cuts that will close \$1 billion of the total estimated budget gap.

Leggett called this a "staggering and unprecedented challenge," in a letter to Council President Nancy Floreen (D-At large).

"We are looking at hundreds of people who serve county residents losing their jobs in this budget, serious reduction in services, elimination of bus routes — a whole variety of impacts on public service," Floreen said.

The proposed tax increases include doubling the county's fuel energy tax and the telephone tax.

The fuel energy tax increase is projected to raise an additional \$21.4 million in fiscal year 2010 and \$79.8 million in fiscal year 2011. Estimates are that the average monthly increase for residential taxpayers would be about \$8 more per month. The tax also heavily impacts local businesses, but it remains to be seen how much money it will cost.

The proposed telephone tax would increase rates from \$2 a line per month, to \$3 a line per month, creating additional revenues of \$11.85 million in fiscal 2011.

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Floreen said there are four principles the whole council agreed to regarding the budget. Those are fairness to taxpayers, equitable treatment of all county employees, maintenance or achievement of a 6 percent reserve and an adoption of a balanced fiscal plan for the future.

“Council members are acutely aware that this is just not a one-year problem that were looking at,” Floreen said.

The Montgomery County Council will adopt the final budget May 27.